



Our Ref: 26078; 17/133241  
Your Ref:

Ms Nicola Cusworth  
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Economic Regulation Authority  
PO Box 8469  
PERTH BC WA 6849

Dear Ms Cusworth

**DEPARTMENT OF FIRE AND EMERGENCY SERVICES SUBMISSION TO THE  
ECONOMIC REGULATION AUTHORITY - EMERGENCY SERVICES LEVY REVIEW  
– DRAFT REPORT - 7 JULY 2017**

Please find the submission from the Department of Fire and Emergency Services to the Economic Regulation Authority's Emergency Services Levy Review – Draft Report.

Thank you for the opportunity to provide feedback.

Yours sincerely

*for*

**WAYNE GREGSON APM  
COMMISSIONER**

// August 2017

**DEPARTMENT OF FIRE AND EMERGENCY SERVICES' FEEDBACK TO THE  
ECONOMIC REGULATORY AUTHORITY - REVIEW OF THE EMERGENCY SERVICES LEVY (DRAFT REPORT)**

**Executive Summary**

The community has the right to a transparent, sustainable and fair Emergency Services Levy (ESL). The ESL was designed with these principles in mind, together with the aim of keeping administration costs and red tape at a minimum. The system - guided and ultimately overseen by the Fire and Emergency Services (FES) Commissioner, Department of Treasury (Treasury), the Minister for Emergency Services and Cabinet - makes hard choices with limited resources in order to keep the community safe.

The Department of Fire and Emergency Services (DFES) welcomes the Economic Regulation Authority's (ERA) review, as a timely opportunity to enhance the efficiency of the ESL and meet changing public expectations.

In responding to the draft report, DFES notes that opportunities exist to align this review process, with others that are currently in development, to create a more efficient public service and with the aim of delivering those services better.

DFES has already in place, significant initiatives that will go some way to addressing many of the recommendations of the draft report, including the legislative review and the capability framework.

In relation to the legislative review and in considering the core themes of accountability and transparency of the allocation of the ESL expressed in the draft report, it is agreed, that there is a need for much improved legislative clarity in the roles and responsibilities of all stakeholders in support of the State's emergency management activities. Consequently, a comprehensive review of the emergency services Acts (which incorporates the *Fire Brigades Act 1942*, the *Bush Fires Act 1954* and the *Fire and Emergency Services Act 1998*) has been underway since November 2012.

The development of a new Act will consolidate the existing provisions of the emergency service Acts; update the legislation to reflect contemporary emergency service practice; and, where determined by Government, incorporate the necessary amendments to address recommendations from major inquiries and reports. This review has involved extensive consultation to address a broad range of issues surrounding emergency services and considered a significant number of issues that the draft report has also raised, such as the:

- Responsibility for the administration of the ESL;
- Establishment of additional levies;
- Distribution of the ESL; and
- Local Government Grants Scheme Committees.

The significant amount of work undertaken for the legislation review, offers an opportunity for the Government, to complement ESL reforms, with transparent, sustainable and clear legislation that can underpin the reform initiatives. The review of the emergency services Acts also provides an opportunity to cut red tape and misconceptions. Separate to the legislative review, clarity is also required as to what extent the ESL should be funding the FES Commissioner's Hazard Management Agency responsibilities under the *Emergency Management Act 2005*.

Considerable progress has been made with DFES' capability framework with work commencing as a priority on the development of a high level implementation plan. This will establish the foundations for moving forward with capability planning and improved transparency around funding decisions. This will offer Government and the public even greater transparency around how emergency services are working to meet their needs both now and in the future.

Implementation of the Capability Framework will support an integrated approach to planning and resource allocation that clarifies roles and responsibilities assigned to DFES under legislation. This will prioritise funding and resourcing based on risk assessment and support equitable decision-making founded on capability requirements. This framework will also assist to align projects to government mandated outcomes for DFES.

Progression with the Capability Framework aligns with key recommendation 25 in the draft report *"The Department of Fire and Emergency Services should finalise and implement the Capability Framework"*.

This submission provides more detailed feedback on the key recommendations [KR] in the draft report. To assist the reader, the 37 key recommendations have been grouped and discussed under the following themes:

- Responsibility for ESL administration;
- ESL structure, calculation and public information;
- Other Levies;
- What the ESL should fund;
- Establishment of a Rural Fire Service;
- DFES accounting and financial reporting;
- Adoption of other Standards, Management Frameworks and Policies; and
- Standardisation of Procedures for Volunteer Services.

While there are some recommendations that DFES does not support, it recognises the fundamental intent behind those recommendations. In these cases, DFES has endeavoured to offer further suggestions to meet this intent and continue to work with Government to achieve the most appropriate outcomes.

Some additional feedback on observations and errors in the draft report is provided in Appendix 1.

DFES shares the aim for an accountable, transparent, sustainable and fair system which delivers the best result for the community and operates with a minimum of red tape and bureaucracy.

The FES Commissioner thanks the ERA for taking the time to consider DFES' feedback and the ERA's commitment to the task at hand.

## 1. Responsibility for ESL Administration

The agency that advises the Minister for Emergency Services on ESL revenue and rates should not benefit from the ESL. [KR 3]

The Office of Emergency Management should be given the oversight functions of advising the Minister for Emergency Services on the amount of ESL revenue required, and on ESL rates. [KR 4]

The Office of Emergency Management should oversee how the Department of Fire and Emergency Services (and a rural fire service if established) allocates ESL funds to stakeholders and spends its share of ESL funds. [KR 6]

The Office of Emergency Management should be made independent of the Department of Fire and Emergency Services. It should report directly to the Minister for Emergency Services rather than the Fire and Emergency Services Commissioner. [KR 5]

The Office of Emergency Management should be the body of appeal for ESL-related issues, and the Fire and Emergency Services Commissioner's appeal role should be revoked. [KR7]

The Office of Emergency Management should consult stakeholders when determining the ESL revenue to be allocated to stakeholders and advising the Minister for Emergency Services on ESL revenue and rates. [KR29]

The Office of Emergency Management should prepare a report to the Minister for Emergency Services recommending total ESL revenue and rates. The Minister should table the report in Parliament within 28 days of receiving it. [KR30]

The Department of Fire and Emergency Services (and a rural fire service if established) should provide a report to the Office of Emergency Management explaining how it has spent ESL funds and the rationale for this expenditure. [KR31]

The Office of Emergency Management should prepare and publish an annual report on the ESL. [KR32]

The Office of Emergency Management should prepare a brochure on the ESL and provide it to local governments to distribute with rate notices. The brochure should explain the purpose of the ESL and that it is a State Government levy, and describe how ESL revenue is raised and spent. [KR33]

The Office of Emergency Management should prepare annual estimates of the funding required by the Department of Lands and the Department of Parks and Wildlife to conduct prevention activities on their estates. These estimates should be published in the annual report of each agency, along with the amount of funding provided by the State Government. [KR34]

### Responsibility for ESL Administration

DFES acknowledges that there may be concerns amongst some stakeholders over the accountability and transparency of the allocation of the ESL. However, adding an additional layer of oversight and bureaucracy to the current budget development and review process through the transfer of the ESL administration to the Office of Emergency Management (OEM), is considered an excessive and unnecessarily costly approach to addressing a perceived rather than real conflict of interest.

While DFES does not oppose the administration of the ESL in relation to rate determination, collection and disbursement, being transferred to an independent agency, it considers the existing level of oversight that is provided by the Minister, Cabinet and Treasury through the State budget process to be appropriate.

Treasury provides independent economic and financial management advice to Government, including State Budget formulation, implementation and monitoring; economic and revenue forecasting; and policy advice on revenue, infrastructure and planning; and the State's financial management framework and management of the Public Ledger.

Hence the current governance arrangements, which involve Treasury informing Government of recommendations in relation to the DFES budget and the spending of the ESL, is the most appropriate, efficient and equitable budget determination and allocation process. This process also ensures that the

FES Commissioner is afforded the same level of responsibility and accountability as other Accountable Authorities for the financial management of the functions and services under their control as prescribed in part 4 of the *Financial Management Act 2006*. The financial responsibilities of the FES Commissioner position should not be viewed in isolation from their responsibilities for emergency services under the emergency services Acts.

Furthermore, a conflict of interest could arguably exist if the OEM was to set policy with regard to priorities for emergency management and be responsible for the allocation of ESL funds, as it may be perceived that the OEM could advise the Minister to direct funds towards matters it felt were a priority rather than matters the FES Commissioner or local governments believe are a priority. If the OEM were to determine funding priorities for functions under the emergency services Acts, it would also need to be questioned, whether this principle should extend to all public agencies that expend public money on emergency management roles. Additionally, to ensure the same (perceived or real) 'conflict of interest' issues do not arise, the OEM would need to continue to be funded from the Consolidated Account and should not receive ESL funding to undertake any functions it may possibly have into the future under the new Fire and Emergency Services Act.

A key observation is that stakeholders seek greater involvement in the process of sourcing additional funding for the various emergency services, either directly from DFES or through the State Government budget process. An alternative and more cost effective approach to address these concerns could be the development of governance arrangements to extend the role of the Volunteer Advisory Committees, to advise the Accountable Authority on strategic resourcing matters, thus providing an effective mechanism for raising budget concerns.

Similar observations have been raised over the role that DFES plays in determining grant allocations for Bush Fire Brigades (BFB) and State Emergency Service (SES) units under the Local Government Grants Scheme (LGGs), which only accounts for approximately 8% of DFES' expenditure activity. It should be noted that DFES allocates the full extent of the approved LGGs funding – the core issue however, is the extent and capacity of the LGGs to meet greater and increasing stakeholder demands. This issue is currently being assessed through consultation with stakeholders to understand the level of changing resource requirements however an increase in the current level of approved funding would be needed. Further, DFES suggests that the current governance arrangements (including representative Committee Structures, Terms of Reference and appeals mechanisms) could also be strengthened to support greater stakeholder interest.

Finally, key recommendation 8 *"The Department of Treasury should undertake a review of the Department of Fire and Emergency Services' structure, resources and administration costs to determine whether services are efficiently delivered"* is supported by DFES and may in fact alleviate the perceived conflict of interest issue in relation to how DFES allocates and spends ESL revenue. DFES is also supportive of further disclosures in the Annual Report to improve transparency to stakeholders.

#### ESL Brochure

It should be noted that until 2013, DFES published a brochure on ESL administration that local governments included with rates notices. Legislation only required that a brochure be provided for distribution with Council Rates/ESL Notices in the first two years of the ESL (i.e. 2003/04 and 2004/05). The decision to eventually cease the production and distribution of a generic ESL brochure took into account the reducing and low number of enquiries, the cost savings that could be achieved and direct written feedback from local governments which in the majority supported that decision. In this regard, feedback from local government rates officers indicates that there are now very few ESL related enquiries and in 2016/17, DFES only received 78 enquiries in relation to the 1.15 million ESL assessments issued. All of the ESL information that was reported in the annual ESL brochure is available on the DFES website and local governments are required to itemise the ESL charge separately on the local council rates notices and also provide other supplementary ESL related information. Accordingly, while DFES does not have an objection to the reintroduction of an ESL brochure, it does question the value of any intended benefit.

### Department of Biodiversity, Conservation and Attractions – Parks and Wildlife Services Funding

The funding requirement of the Department of Planning, Lands and Heritage and the Department of Biodiversity, Conservation and Attractions - Parks and Wildlife Services is a matter for those agencies, Treasury and Ministers/Government. Furthermore, it is a policy matter for Government to determine how funding in relation to prevention activities across government agencies is reported.

### Office of Emergency Management

The separation of the OEM from DFES is not supported as outlined above and is counter to the State Government's Machinery of Government to introduce structural changes to reduce the number of Government Agencies and 'create collaborative departments focused on whole-of-government objectives and delivering services in a more efficient and effective way'<sup>1</sup>.

## **2. ESL Structure, Calculation and Public Information**

The basic structure of the ESL system should be retained. [KR1]

Gross rental value should be retained as the basis for calculating ESL rates [KR2]

Landgate should conduct another review of land classifications in the Swan Valley to ensure that vineyards are classified appropriately. [KR21]

Grouping of properties should be discontinued for the purpose of calculating the ESL. [KR18]

The Office of Bushfire Risk Management should require local governments to publish their bushfire risk management plans and treatment strategies. [KR36]

### Calculating the ESL

DFES agrees that the basic structure of the ESL system and the use of Gross Rental Value (GRV) should be retained [KR1] [KR2]. However it should be noted that whilst GRVs are used to calculate ESL rates for ESL categories 1 to 4, they are not used to determine ESL charges for properties with an ESL category 5 classification nor for assessable Mining Tenements.

### Swan Valley Vineyard Classifications

The classification of vineyards in the Swan Valley is a matter for Landgate (and more specifically the Valuer-General). As a general principle, DFES will continue to administer the ESL in accordance with the Valuer-General's property valuation determinations and property use classification advice. As the draft report observes, DFES notes that a review of the classification of Swan Valley vineyards has previously been undertaken by the Valuer-General. The recent advice to DFES, is that all vineyards in the Swan Valley with a commercial property use classification and hence subject to the highest maximum ESL charge capping, are commercially operating businesses.

### Grouping of properties for ESL charging purposes

Group valuation determinations are a matter for the Valuer-General in accordance with the provisions of the *Valuation of Land Act 1978*.

By way of background, when the ESL was first introduced through legislation that requires local governments to invoice and collect it, a key administrative principle was that the ESL would, where practical and equitable, follow the billing and collection practices applicable to Council rates. This principle continues to remain enshrined in the Manual of Operating Procedures (the ESL administrative guideline issued by the Minister under section 36Y of the *Fire and Emergency Services Act 1998*). If the ESL was required to be separately assessed for each lot included in a group valuation, it would lead to unnecessary complication and potential confusion to property owners if the underlining property valuation methodology differed for ESL and Council

<sup>1</sup> <https://publicsector.wa.gov.au/public-administration/machinery-government/2017-machinery-government-changes>

rates. Even where possible, splitting up of the 12,000 group valuations would involve significant effort and cost.

#### Publication of Bush Fire Risk Management Plans

The Office of Bushfire Risk Management (OBRM) endorses this recommendation and will include this proposal in the imminent review of the Guidelines for Bushfire Risk Management Planning. The Guidelines are published by OBRM and available on the DFES website.

### **3. Other Levies**

A levy on boat registrations should be introduced to fund the direct costs of the Volunteer Marine Rescue Services [KR19]
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Road crash rescue services should continue to be funded from the ESL. [KR20]
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The pursuit of greater equity in the funding system introduces greater complexity and potentially additional administrative, collection and appeal costs. This important consideration shaped the design of the current property-levy based funding system which, as the draft report notes, is efficient and simple in its design. It was also accepted that to maintain design simplicity there would also be marginal variations in service delivery arrangements within each of the five established ESL categories, most markedly in ESL category 5. With these principles in mind, discussion on increased contribution equity through the introduction of new (supplementary) levies follows:

#### Levy on boat registrations

The decision to establish a 'vessel levy' is a policy consideration for the Minister/Government.

In this regard, the draft report refers to modelling previously undertaken in the lead up to the introduction of the ESL. Whilst a levy on boat registrations (and the consequential reduction in the ESL) could be considered a shift towards greater contribution equity, the Government when designing the replacement funding arrangements that culminated in the introduction of the ESL in 2003/04, decided not to quarantine the costs associated with Volunteer Marine Rescue Services (VMRS) and introduce a separate levy on vessels, and instead, maintained the Consolidated Account appropriation in support of these services. This approach was supported, on the basis that the cost of administering a separate vessel levy to raise approximately \$2 million, was prohibitive and that VMRS costs should not be attributed to property owners.

With the ESL now funding the VMRS, it is appropriate and opportune that this matter be revisited. Other factors that should be considered are the percentage of VMRS response incidents to boat owners versus non-boat owners (such as fishermen, surfers, swimmers, etc.), and whether any additional costs that will be generated (for example administration fees and collection expenses), which presumably would be funded by a boat registration levy, can be justified to raise a relatively small amount (approximately \$6 million). The introduction of a vessel levy could be perceived as an additional taxation charge imposed by Government which would need to be accompanied by a clear communication strategy.

Alternatively, the option to revert to Consolidated Account funding in support of the VMRS, may be considered.

#### Road crash levy on vehicles

DFES agrees that a special 'vehicle levy' should not be introduced. The 'land-based' ESL has been in operation for 14 years, and road crash rescue (which is one of a range of emergency services delivered by the fire and rescue services which would be complex to separately cost) should continue to be funded from the ESL.

In this regard, in the introduction of the ESL in 2003/04, the Government, in evaluating contribution equity, considered the establishment of a separate vehicle levy to fund costs associated with services provided to motor vehicles. Given that most property owners have vehicles and/or utilise public transport, combined with

the complexity and costs involved in the administration of another levy, it was determined that these costs be collected through the ESL, a view also shared by this review.

Furthermore, there should be clarity that the funding of non-DFES services (such as Police and ambulance) are, and will continue to be, excluded from ESL funding.

#### 4. What the ESL should fund

The Department of Treasury should undertake a review of the Department of Fire and Emergency Services' structure, resources and administration costs to determine whether services are efficiently delivered. [KR8]

The ESL should be used to fund prevention undertaken by the Department of Fire and Emergency Services, bush fire brigades and State Emergency Service units that have community-wide benefits or which involve coordination of prevention across land tenures. [KR9]

The ESL should be used to fund the preparedness activities of the Department of Fire and Emergency Services, the bush fire brigades and State Emergency Service units that have community-wide benefits. [KR10]

The ESL should be used to fund the response activities of the Department of Fire and Emergency Services, the bush fire brigades and State Emergency Service units. [KR11]

The ESL should not be used to fund the costs of recovery [KR12]

The ESL should be used to fund the administration costs of the Department of Fire and Emergency Services. [KR13]

The ESL should be used to fund the full costs of the Community Emergency Services Managers in local government. However, it should not be used to fund the broader emergency service and management responsibilities of local government, or the administration costs linked to bush fire brigades and State Emergency Service units. [KR14]

The Office of Emergency Management should compensate local government for the cost of collecting ESL revenue (including the costs of recovering unpaid debts and any ESL revenue that cannot be recovered). [KR15]

New emergency services legislation should clarify the extent to which the Department of Fire and Emergency Services and local governments are obliged to undertake prevention activities, and whether these activities may be funded from the ESL. [KR17]

DFES is supportive of the above recommendations with the exception of [KR14] which is not fully supported and [KR15] which requires further clarifications. Please refer commentary below.

#### Funding Community Emergency Service Managers (CESM) [KR14]

There are currently 29 CESMs operating in WA with funding arrangements that involve DFES (through the ESL) and the relevant local government, sharing salary and operating costs, on a 50:50, 60:40 or 70:30 basis, as specified in Memoranda of Understanding (MOU).

Funding the full cost of CESMs could be accommodated (updates to MOUs would be required) and ultimately is a government policy decision, however such a policy change (which would increase the ESL funding requirement by approximately \$1 million per annum) is counter to the 'shared responsibility' principle which underpins the current cost sharing arrangements between DFES and the local government.

#### Compensating local governments for the cost of collecting and recovering ESL revenue [KR15]

Under the current ESL administration arrangements, local governments are compensated for the services that they provide DFES on behalf of the State Government in billing, collecting, remitting and reporting on the ESL. The Minister approves an annual aggregate fee payment (originally established after an independent review of ESL related costs was conducted) and the formula to distribute this amount (originally established in consultation with the local government sector) is set out in the ESL Manual of Operating Procedures, and has been subject to review (and retained) on two occasions since the introduction of the ESL.

The current policy, endorsed by various Ministers over time, is to ensure that the fee (which was never intended to be a commercial fee) remains reasonable in that it covers the additional costs that local governments incur administering the ESL. Importantly, the fee is funded through the ESL and consequently directly impacts ESL charges that property owners are required to pay. Whilst the fee has remained constant at \$2.25 million per annum since the introduction of the ESL, the local government sector has consistently been advised that it may submit a business case for a fee increase if it can be established that the additional costs in administering the ESL exceed the fee payment.

In relation to unpaid ESL debts, the ESL is legally established as a charge against a property which is ultimately recoverable when a property changes ownership. Furthermore, in certain Council Rating systems that hierarchically acquit debt, the ESL ranks higher than Council Rates and charges and therefore, where accounts are only partially paid, the ESL may have been acquitted even if other Council charges remain unpaid. For these reasons there is very little unrecoverable ESL debt. Nevertheless, in rare circumstances where debt is unrecoverable, current procedures are in place to enable local governments to apply to the FES Commissioner to write-off ESL debt. The ESL Manual of Operating Procedures also stipulates that DFES will fund unrecoverable legal costs that local governments may incur recovering ESL debt. Other (non-legal) costs that local governments incur in attempting to recover ESL debt are covered by the annual ESL Administration Fee payment. DFES has never received a claim from local government to recoup out of pocket expenses associated with ESL debt recovery.

#### 5. Establishment of a Rural Fire Service

If a rural fire service is established, the ESL should be used to fund the efficient costs of response activities; prevention and preparedness activities that have community-wide benefits, and the administration costs of a rural fire service. [KR16]

#### Funding a Rural Fire Service (RFS)

This is a policy determination for the Minister/Government. DFES does not support the establishment of a separate RFS, but notes that an increased resource allocation to prevent and prepare for fires and emergencies in the rural sector would be welcome.

The information in the draft report estimates the ESL impact of a low cost option (\$4.2M) and a high cost option (\$560M) to establish a RFS. DFES refers to the noteworthy qualification statement in the draft report (at section 7.2 on page s 147 to 148) that funding the new RFS in line with the current ESL model relativities whilst arguably the best way to “achieve equity between rural and metropolitan property owners” notes however that “the willingness of property owners in the metropolitan area to contribute to the costs of a rural fire service may have limits. For example, the community is unlikely to support a rural fire service if it incurs inefficient costs, and this may undermine broader support for the ESL.”

If a separate RFS is to be established and funded through the ESL, then DFES cautions against simply extending the current funding model which, in effect would source the majority of the additional funding responsibility from metropolitan property owners to subsidise rural property owners. This approach could be perceived to be contradictory to the current principles of the existing ESL funding model.

## 6. DFES Accounting and Financial Reporting

The Department of Fire and Emergency Services should implement activity based costing to allow for robust analysis. [KR22]

The Department of Fire and Emergency Services should use its cost and incident data to determine the direct costs of providing emergency services to each of the five ESL categories. [KR23]

The Department of Fire and Emergency Services should require cost-benefit analysis to be prepared for all major funding allocation decisions. [KR26]

The Department of Fire and Emergency Services should require post-project cost-benefit reviews to be presented to senior decision-makers to enable assessment of the effectiveness of past decisions. [KR27]

### Activity Based Costing

DFES is supportive of greater transparency to stakeholders which may include the need for activity based costing. Currently, DFES complies with the Department of Treasury's guidelines 'Costing and Pricing Government Services'. It is considered to be a government policy decision as to whether more detailed costing at an activity based level is deemed cost effective and necessary. In view of the complexities involved in separating costs in a multi-hazard and multi-dimensional, regional service delivery model, significant resourcing may be required to structure the business, processes and systems to deliver on reporting outcomes that meet multiple stakeholder and compliance needs.

### Cost benefit analysis and post-project cost-benefit reviews

It is important to note that DFES uses formal evaluation techniques for significant investment projects as required by Cabinet and Treasury. This is consistent with Government practice across agencies.

Whilst DFES is supportive of formal techniques being used to justify decision making for significant investment projects, cost benefit analysis may not necessarily be the most appropriate technique for evaluating the provision of government services. Alternative techniques such as cost-effectiveness analysis, risk-benefit analysis, economic impact analysis, fiscal impact analysis, and social return on investment analysis may also be considered.

The Program Evaluation Unit within Treasury assists in the provision of consistent and transparent evaluation of government funded programs and the development of a culture of evaluation as part of core business activity across the Western Australian public sector. Sunset clauses are utilised for all new programs (or the extension of existing programs) that impact the State's net operating balance by \$5 million or more in any one year. An Evaluation Guide is available to agencies and has been designed to provide consistency across evaluations, improve cost effectiveness of programs, promote accountability, and to provide a platform for continuous learning.

DFES is currently in the process of developing an evaluation framework that will allow these benefits to be extrapolated from initiatives of all sizes within the department.

## 7. Adoption of Other Standards, Management Frameworks and Policies

The Department of Fire and Emergency Services should implement the ISO 31000 standard across its business activities. [KR24]

The Department of Fire and Emergency Services should finalise and implement the Capability Framework. [KR25]

The Department of Fire and Emergency Services should publish data in accordance with the State Government's Whole of Government Open Data Policy. [KR35]

DFES is supportive of the above recommendations.

### Implementation of the ISO 31000 standard across its business activities

DFES has an established Risk Management Framework and supporting processes that are aligned to AS/NZS ISO 31000/2009. It is DFES' intention to expand the application of the Standard across all business decisions including business plans and budget allocations in conjunction with the implementation of the Strategic Planning and Capability frameworks. Continuous improvement of risk management across the Department is ongoing.

### Implementation of DFES Capability Framework

The DFES Capability Framework was finalised and published in September 2015. Work has commenced with a priority being the development of a high level implementation plan. This will establish the foundations for moving forward with capability planning and improved transparency around funding decisions. Specifically, DFES' funding allocation process and links between capability planning and the DFES Strategic Plan will be reviewed.

Implementation of the capability framework will support an integrated approach to planning and resource allocation that:

- clarifies roles and responsibilities assigned to DFES under legislation (Chapter 3, Rec 17);
- prioritises funding and resourcing based on risk assessment (Chapter 5, Rec 24);
- supports equitable resourcing decision making based on capability required versus who administers the personnel providing the service (Chapter 8, Rec 28 and Rec 37); and
- improves transparency in financial reporting, specifically funding allocation, by aligning projects to community outcomes, performance measures and service activity (Chapter 8, Rec 3).

### Implementation of Whole of Government Open Data Policy

DFES is cognisant of the purpose of the Office of Government Chief Information Officer (GCIO) to establish a framework across all WA public sector agencies for consistency in the application of protective marking of WA Government data. DFES is aware that the intent of the WA Data Classification Policy requires that information should by default be made publicly available unless there is a compelling reason to the contrary. Accordingly, all information relating to DFES operations including the ESL is readily available on its website and Annual Report.

Additionally, DFES is aware of the value of improving interoperability by sharing data, and is replacing its call-taking and dispatch system which will enable agencies (DFES and WAPOL) to share data in real time to improve incident and emergency response. DFES continues to work closely with the Office of the GCIO to ensure the publication of data aligns with State Government's Whole of Government Open Data Policy.

## 8. Standardisation of Procedures for Volunteer Services

The Department of Fire and Emergency Services should publish a capital grants manual for volunteer organisations it manages (for example the Volunteer Fire and Rescue Service). [KR37]

Grants manuals should be made consistent between all volunteer organisations where it makes sense to do so. [KR28]

DFES does not support the recommendation [KR37] to introduce a capital grants manual for the Volunteer Fire and Rescue Service (VFRS) and the Volunteer Fire and Emergency Service (VFES) as these services are directly funded by DFES and therefore do not receive capital grants. DFES does have a grants manual for the Volunteer Marine Rescue Service which is consistent with the LGGS manual.

By way of background, DFES provides VFRS and VFES with property, plant and equipment to ensure effective service delivery. Whilst DFES provides some reimbursements to these groups for minor day to day expenses incurred, the majority of operating expenditure is incurred directly by DFES on behalf of the brigades/units. Property, plant and equipment valued greater than \$5,000 are recorded as DFES assets and included in DFES' Strategic Asset Plan for future replacement. New facilities for these services are co-ordinated through DFES, as are maintenance and minor modifications. It is important to note the distinction between assets owned by DFES and capital grant funding provided to local governments for their BFB and SES assets that are ultimately controlled and owned by local governments.

In relation to KR 38, DFES acknowledges the opportunities to explore the equalisation of other minor grants to support volunteer services. In this regard, it should be noted that DFES had already agreed to expand operational efficiency payments to the SES. Opportunities to further support this recommendation would require additional funds.

Whilst DFES provides property, plant and equipment as well as uniforms and protective clothing for all volunteer services on the basis of operational requirements, there may continue to be variations in allocations due to the nature of the respective services and the roles they perform.

## Observations and Errors

- Page 23: DFES fulfils its responsibilities for bushfire risk prevention through OBRM.**  
Observation - Statement may be read to infer that the Office of Bushfire Risk Management (OBRM) conducts all bushfire prevention activities on behalf of DFES, including any physical bushfire risk prevention activities. Wording should be revised to clarify that OBRM's contribution is focused on the development and promotion of bushfire risk management policies and guidelines, and reporting and assurance activities.
- Page 23: DFES is the custodian of the Bushfire Risk Management System and oversees the implementation of the Bushfire Risk Management Plans (BRMP). The BRMP is a tenure blind program that assesses bushfire risk to assets and prioritises treatment strategies to address those risks. Local governments develop a BRMP with guidance from OBRM.**  
Observation - The Program is administered by DFES. Under current arrangements, the Department administers training programs in support of the Program and is custodian of the Bushfire Risk Management System. OBRM is responsible for the guidelines that establish the risk assessment methodology that local governments are to apply in preparing their Bushfire Risk Management (BRM) plans. When a local government has completed its draft BRM Plan, the document is reviewed by OBRM for compliance with the guidelines.
- Page 23: The effectiveness of a BRMP is supported by the development of the *Map of Bush Fire Prone Areas*. The map is developed by OBRM to 'ensure the accurate and consistent designation of bushfire prone areas in Western Australia'.**  
Observation - Statement may infer the *Map of Bush Fire Prone Areas* is a component of the BRMP Program. The Map is part of a suite of planning and building requirements for new developments in bush fire prone areas, launched by the State Government through the Department of Planning in December 2015. Properties that are located in designated bush fire prone areas may require additional assessment as part of any planning or building approval processes. OBRM is responsible for the development and administration of the Map, an online map identifying areas within Western Australia designated as bush fire prone by the FES Commissioner. The Map is often referenced in BRM Plans, and can be useful to inform risk identification and decision-making, but is not a component of the Program.
- Page 25: DPAW's prescribed burning process is described as 'OBRM compliant'. DPAW uses an OBRM agreed system for prescribed burning that aligns with the ISO 31000 risk management standard. OBRM regularly audits DPAW's prescribed burnings for compliance with the agreed system and through a continuous improvement framework, makes incremental improvements.**  
Observation - It is more accurate to state that the prescribed burning processes of the then DPAW (now Department of Biodiversity, Conservation and Attractions – Parks and Wildlife service) have been assessed by OBRM as being compliant with the *ISO 31000* risk management standard. An Assurance Review program is implemented to ensure continued compliance and improvement.
- Page 34: "The Western Australian Local Government Association (WALGA) reported last year that bushfire brigades and State Emergency Service units still fundraise, and rely on donations and local government contributions to support their operational and capital needs. The report suggests that the ESL is not funding all of the costs of the bush fire brigades and the State Emergency Service units, contrary to the intent of the original ESL arrangements'.**  
Observation - The LGGS budget is not unlimited. The comment implies that operational response requirements are not being fully met by the LGGS. The original intent of the ESL was not to fund all costs but to effect the capital and operating costs that support the preparedness and response capability requirements of the brigades and units. LGGS funding allocations provide annual Operating grant budgets based on actual expenditure trends and Capital budgets for prescribed asset scheduled replacement and new acquisitions.

Local Governments retain their shared responsibility obligations to emergency management that were in place pre ESL and contribute to LGGS Capital facility projects. The need for a local fundraising activity is the decision of the individual Brigade or Unit.

- **Page 42: Error** - The 2017/18 Average Residential ESL Charge presented for ESL Category 4 (of \$127) in table 5 is incorrect and should be \$94.
- **Page 43: Observation** - Dot point 5 of the ESL rate calculation process and the following paragraph could be better expressed. The key considerations during the ESL rates modelling process are the percentage changes from one year to the next in the Average Residential ESL Charge for each ESL category, the minimum and maximum ESL charge thresholds and the ESL rates (where applicable if property revaluation has not occurred). Whilst the number/percentage of the total property base that would pay the minimum amount and the maximum ESL amounts under each scenario is monitored (against a general aim to have approximately 20% pay the minimum and 5-10% pay the maximum), this is not a key criteria.
- **Page 58: The Office of Bushfire Risk Management advises that local governments are not required to publish their Bushfire Risk Management Plans or treatment strategies.**  
Observation - While this statement is correct, it is noted that the OBRM guidelines (*Guidelines for Preparing a Bushfire Risk Management Plan*) encourage local governments to publish their BRM Plan. The guidelines note that promotion of the BRM Plan to the wider community may assist in raising the level of risk awareness and help land owners understand how they can contribute to reducing risk on their land.
- **Page 59: "The State Emergency Service Volunteers Association notes that DFES does very little to engage the community (in terms of preparation) unless there is an imminent threat, particularly when compared to FESA's past work. The ESL should be used to fund the preparedness activities of DFES, bush fire brigades and the State Emergency Service only where: everyone in the community benefits from the services; or government provides the service because of strong social benefits. This would include emergency response plans, community warning systems, emergency communications, mutual aid agreements, public education and information, and community refuge shelters'.**  
Observation - The quoted comment implies specific activities have ceased. It should be noted that:
  - the DFES school based program is still in place and has been improved with the linkages to the school curriculum; and
  - DFES encourages State Emergency Service units appoint a Public Information Officer who coordinates unit community engagement activities.
- **Page 59 & 60: The Shire of Augusta-Margaret River states that a reduction in response funding could endanger the community and increase the costs of disaster'.**  
Observation - The comment specifically relates to items required to undertake response at DFES managed incidents. It should be noted that DFES bears the costs of all resources that are requested and engaged while DFES is in control of an incident.
- **Page 71: Error** - The statement in the fourth paragraph that *"The total minimum or maximum charge payable by a property owner is determined based on land use (for which there are only two types – residential and commercial)"* is incorrect as there are six property use classifications (being, vacant, residential, farming, commercial, industrial and miscellaneous, as well as Mining Tenements and properties with an ESL category 5 classifications (where property use classification is not captured).

This area of the report is concerned with minimum and maximum ESL charge thresholds and seems to be referring to the two property groupings (of vacant/residential/farming and commercial/industrial/miscellaneous) that are used for minimum and maximum ESL charge determinations.

- Page 80: DFES employment expenses include the salaries of DFES career firefighters. Additionally, many DFES staff who perform administrative work during non-emergency periods are uniformed officers, who take on an active emergency management role when emergencies take place’.**

Observation - It should be noted that many non-uniformed officers also take on active roles during emergencies through the State Duty Roster. The term ‘administrative’ work implies less complex and routine office duties. The work undertaken by uniformed officers during non-emergency periods is generally more specialised project work aimed at improving capability for future seasons for example implementation of Ferguson recommendations, developing and implementing changes to doctrine and training, developing partnerships with key stakeholders, contributing to national projects and so on.
- Page 85 – Table 10:**

Error – The analysis performed from data presented in Table 10 that compares the proportion of ESL funds spent on grants versus other DFES expenditure is misleading. The programs identified in Table 10 are not all funded from the ESL, have different or differing lifespans and some programs are intermittent in nature for example the line item that refers to NDRP/WANDRRA/AWARE programs. Therefore, references for example on page 97 which states “DFES expenditures have increased by 4.8 per cent a year in real terms since 2004-05.<sup>345</sup> During this period, grants and subsidies paid out of the ESL to local governments and volunteer organisations have decreased by 0.8 per cent a year in real terms” are incorrect.
- Page 119: ‘DFES has stated that it uses the ‘Service Delivery Model’ within the Capability Framework to identify hazard risk. The Service Delivery Model uses the ISO 31000 standard approach to generate hazard probabilities and consequence levels. DFES uses information derived from this model to inform the strategic planning and risk evaluation phases of the Capability Framework’.**

Error - DFES will use the Capability Framework to determine a service delivery model. An ideal service delivery model that allows DFES to meet its mandated responsibilities is developed during the capability modelling phase. This phase is followed by risk assessment, budget consideration and prioritisation during the framework’s planning phase to determine a revised service delivery model. Funding allocations are based on this revised service delivery model.
- Page 141: Error - The statement in the second paragraph that the “... reform of road crash rescue funding is a priority issue, and considers that it is both simple and reasonable to fund it via the ESL.” should read that the “... reform of road crash rescue funding is not a priority issue, and considers that it is both simple and reasonable to fund it via the ESL.”**
- Page 134: Observation - The final (indented) paragraph in point 3 suggests that DFES is promoting the merits of the Queensland funding system. In fact, whilst DFES recognises that the levy charging system adopted in Queensland, which classifies buildings into 16 levy charging categories based on floor space, was appropriately established in that State as a valuation system that measures improvements (i.e. building development), was not accessible. It is however the DFES view that the Queensland system is not strictly ‘risk based’ as the classifications of particular building types have not been amended over time to reflect actual emergency incidents.**
- Page 138: Observation -The suggestion that the ‘DFES ‘Categories, Rates and Boundaries’ web page should link users to further information on each property use classification, along with illustrative examples’ will be actioned by DFES.**
- Page 149 & 152: - states that “The following assumptions have been applied to both models” – and includes “A rural fire service is responsible for rural fire management only (it is not responsible for other hazards)” and Page 152 states that Model 2 (the high cost model) would involve “120 new RFS stations, assuming each of the Volunteer Fire and Rescue Service and Volunteer Fire and Emergency Service units are replaced with a RFS station. (This is based on current station numbers. DFES provided this data.)”.**

Observation - If this were to be the case, the report needs to address how structural firefighting, road crashes, rescues and hazmat incidents would be dealt within those communities.

- **Page 168 & 169: "There is some evidence to support this view, but the evidence is not conclusive" "This evidence includes ... and the types of goods that may be funded from the ESL revenue under the local government grants scheme manual have decreased <sup>559</sup>".**

Error – This statement is unsubstantiated and incorrect. DFES can provide evidence that the extent of eligible expenditure under the LGGS has expanded.

- **Page 180 Para 1: - "*Local governments should pass this revenue on to DFES, except in the event that a rural fire service is established.*"**

Observation - If this arrangement were to be introduced a number of local governments would need to make a return to DFES for ESL raised in ESL categories 1 and 2 as well as the Rural Fire Service for ESL raised in ESL categories 3, 4 and 5. It would also need to be determined which organisation would receive the ESL raised on Mining Tenements.